

CONFERENCE OF THE SOVEREIGNS AND HEADS OF STATE OF THE OPEC MEMBER COUNTRIES SOLEMN DECLARATION

The Sovereigns and Heads of State of the member countries of Organization of Petroleum Exporting Countries met in Algiers on 4-6 March 1975 at the invitation of the President of the Revolutionary Council and of the Council of Ministers of the Democratic People's Republic of Algeria.

1. They reviewed the present world economic crisis, exchanged views on the causes of the crisis which has persisted for several years, and considered the measures they would take to safeguard the legitimate rights and interests of their peoples in the context of international solidarity and cooperation.

They stress that world peace and progress depend on the mutual respect for the sovereignty and equality of all nations of the international community, in accordance with the UN charter. They further emphasize that the basic statements of this declaration fall within the context of the decisions taken at the Sixth Special Session of the UN General Assembly on problems of raw materials and development.

The Sovereigns and heads of state reaffirm the solidarity which unites their countries in safeguarding the legitimate rights and the interests of their peoples, reasserting the sovereign and inalienable right of their countries to the ownership, exploitation and pricing of their natural resources and rejecting any idea or attempt that challenges those fundamental rights and, thereby, the sovereignty of their countries.

They also reaffirm that OPEC member countries, through the collective, steadfast and cohesive defense of the legitimate rights of their peoples, have served the larger and ultimate interest and progress of the world community and, in doing so, have acted in the direction hoped for by all developing countries, producers of raw materials, in defense of the legitimate rights of their peoples.

They conclude that the interdependence of nations, manifested in the world economic situation, requires a new emphasis on international cooperation and declare themselves prepared to contribute with their efforts to the objectives of world economic development and stability, as stated in the "Declaration and Program of Action for the Establishment of a New International Economic Order" adopted by the UN General Assembly during its Sixth Special Session.

2. The sovereigns and heads of state note that the cause of the present world economic crisis stems largely from the profound inequalities in the economic and social progress among peoples. Such inequalities, which characterize the under-development of the developing countries, have been mainly generated and activated by foreign exploitation and have become more acute over the years due to the absence of adequate international cooperation for development. This situation has fostered the drainage of natural resources of the developing countries, impeding an effective transfer of capital resources and technology, and thus resulting in a basic disequilibrium in economic relations.

They note that the disequilibrium which besets the present international economic situation has been aggravated by widespread inflation, a general slowdown of economic growth and instability of the world monetary system in the absence of monetary discipline and restraint.

They reaffirm that the decisive causes of such anomalies lie in the long-standing and persistent ills which have been allowed to accumulate over the years, such as the general tendency of the developed countries to consume excessively and to waste scarce resources, as well as inappropriate and short-sighted economic policies in the industrialized world.

They, therefore, reject any allegation attributing to the price of oil the responsibility for the present instability of the world economy. Indeed, the oil, which has contributed so significantly to the progress and prosperity of the industrialized nations for the past quarter of a century, not only is the cheapest source of energy available; but the cost of imported oil constitutes an almost negligible part of the gross national product of the developed countries.

The recent adjustment in the price of oil did not contribute but insignificantly to the high rates of inflation generated within the economies of the developed countries basically by other causes. This inflation exported continuously to the developing countries has disrupted their development efforts.

3. Moreover, the Sovereigns and Heads of State condemn the threats, propaganda campaigns and other measures which have gone so far as to attribute to OPEC member countries the intention of undermining the economies of the developed countries. Such campaigns and measures that may lead to confrontation have obstructed a clear understanding of the problems involved and have tended to create an atmosphere of tension that is not conducive to international consultation and cooperation.

They also denounce any grouping of consumer nations with the aim of confrontation and condemn any plan or strategy designed for aggression, economic or military, by such grouping or otherwise against any OPEC Member Country.

In view of such threats, the Sovereigns and Heads of State reaffirm the solidarity that unites their countries in defense of the legitimate rights of their peoples and hereby declare their readiness, within the framework of that solidarity, to take immediate and effective measures in order to counteract such threats with a united response whenever the need arises, notably in the case of aggression.

4. While anxious to satisfy the legitimate aspirations of their peoples for development and progress, the Sovereigns and Heads of State are also keenly aware of the close link that exists between the achievement of their national development and the prosperity of the world economy. Increased interdependence between nations makes them even more mindful of the difficulties experienced by other peoples that may affect world stability. In view of this, they reaffirm their support for dialogue, cooperation and concerted action for the solution of the major problems facing the world economy.

In this spirit, the OPEC member countries, with increased financial resources in a relatively short period of time, have contributed through multilateral and bilateral channels, to the development efforts and balance-of-payments adjustments of other developing countries as well as industrialized nations. As a proportion of gross national product during 1974, their financial support to other developing countries was several times greater than the average annual aid given by industrialized nations to developing countries during the last development decade.

In addition, OPEC member countries have extended financial facilities to developed countries to help them meet their balance-of-payments deficits. Furthermore, the acceleration of their economic development and the trade promotion measures adopted by OPEC Member Countries have contributed to the expansion of international trade as well as balance-of-payments adjustments of developed countries.

They agree in principle to hold an international conference bringing together the developed and developing countries.

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They consider that the objective of such a conference should be to make a significant advance in the development of the world economy, and that consequently such a conference should pay equal attention to the problems facing both the developed and developing countries.

Therefore, the agenda of the aforementioned conference can in no case be confined to an examination of the question of energy. It evidently should include questions of raw materials of the developing countries, the reform of the international monetary system and international cooperation in favor of development in order to achieve world stability.

Furthermore, this conference may, for reasons of efficiency, be held in a limited framework provided that all the nations concerned by the problems dealt with are adequately and genuinely represented.

6. The Sovereigns and Heads of State stress that the exploitation of the depletable oil resources in their countries must be based, first and foremost, upon the best interests of their peoples and that oil, which is the major source of their income, constitutes a vital element in their development.

While recognizing the vital role of oil supplies to the world economy, they believe that the conservation of petroleum resources is a fundamental requirement for the well-being of future generations and, therefore, urge the adoption of policies aimed at optimizing the use of this essential, depletable and non-renewable resource.

7. The Sovereigns and Heads of State point out that an artificially low price for petroleum in the past has prompted the over-exploitation of this limited and depletable resource and that continuation of such policy would have proved to be disastrous from the point of view of conservation and world economy.

They consider that the interest of the OPEC Member Countries as well as the rest of the world would require that the oil price, being the fundamental element in the national income of the member countries, should be determined taking into the account the following:

- Imperatives of the conservation of petroleum, including its depletion and increasing scarcity in the future.
- Value of oil in terms of its non-energy uses.
- Conditions of availability, utilization and cost of alternative sources of energy.

Moreover, the price of petroleum must be maintained by linking it to certain objective criteria, including the price of manufactured goods, rate of inflation, terms of transfer of goods and technology for the development of OPEC members.

8. The Sovereigns and Heads of State declare that their countries are willing to continue to make positive contributions towards the solution of the major problems affecting the world economy, and to promote genuine cooperation which is the key to the establishment of a new international economic order.

In order to set in motion such international cooperation, they propose the adoption of a series of measures directed to other developing countries as well as the industrialized nations.

They, therefore, wish to stress that the series of measures proposed herein constitute an over-all program, components of which must all be implemented if the desired objectives of equity and efficiency are to be attained.

9. The Sovereigns and Heads of State reaffirm the natural solidarity which unites their countries with the other developing countries in their struggle to overcome underdevelopment and express their deep appreciation for the strong support given to OPEC members by all the developing nations as announced in the Conference of Developing Countries on Raw Materials, held in Dakar Feb. 3-8, 1975.

They recognize that the countries most affected by the world economic crisis are the developing countries and therefore reaffirm their decision to implement measures that will strengthen their cooperation with those countries in order to contribute within their respective possibilities to the realization of the

UN special international program and to extend additional special efforts to the development of developing countries.

In this context, they have agreed to coordinate their programs for financial cooperation in order to better assist the most affected developing countries, especially in overcoming their balance-of-payments difficulties. They have also decided to coordinate such financial measures with long-term loans that will contribute to the development of those economies.

In the same context, and in order to contribute to a better utilization of the agricultural potential of the developing countries, the Sovereigns and Heads of State have decided to promote the production of fertilizers, with the aim of supplying such production under favorable terms and conditions, to the countries most affected by the economic crisis.

They reaffirm their willingness to cooperate with the other developing countries which are exporters of raw materials and other basic commodities in their efforts to obtain an equitable and remunerative price level for their exports.

10. To help smooth out difficulties affecting the economies of developed countries, the Sovereigns and Heads of State declare that the OPEC Member Countries will continue to make special efforts in respect of the needs of these countries.

As regards the supply of petroleum, they reaffirm their countries' readiness to ensure supplies that will meet the essential requirements of the economies of the developed countries provided that the consuming countries do not use artificial barriers to distort the normal operation of the laws of demand and supply.

To this end, the OPEC Member Countries shall establish close cooperation and coordination among themselves in order to maintain balance between oil production and the needs of the world market.

With respect to the petroleum prices, they point out that in spite of the apparent magnitude of the readjustment, the high rates of inflation and currency depreciation have wiped out a major portion of the real-value of price readjustment, and that the current price is markedly lower than that which would result from the development of alternative sources of energy.

Nevertheless, they are prepared to negotiate the conditions for the stabilization of oil prices which will enable the consuming countries to make necessary adjustments to their economies.

The Sovereigns and Heads of State, within the spirit of dialogue and cooperation, affirm that the OPEC Member Countries are prepared to negotiate with the most affected developed countries, bilaterally or through international organizations, the provision of financial facilities that allow the growth of the economies of those countries while ensuring both the value and security of the assets of OPEC member countries.

11. Recalling that a genuine international cooperation must benefit both the developing and developed countries, the Sovereigns and Heads of State declare that parallel with, and as a counterpart to, the efforts, guarantees and commitments which OPEC members are prepared to make, the developed countries must contribute to the progress and development of the developing countries through concrete action and in particular to achieve economic and monetary stability, giving due regard to the interest of the developing countries.

In this context, They emphasize the necessity for the full implementation of the Program of Action adopted by the United Nations General Assembly at its Sixth Special Session and accordingly they emphasize the following requirements:

—Developed countries must support measures taken by developing countries directed towards the stabilization of the prices of their exports of raw materials and other basic commodities at equitable and remunerative levels.

—Fulfillment by the developed countries of their international commitments for the second UN Development Decade as a minimum contribution to be increased particularly by the most able of the developed countries, for the benefit of the most affected developing countries.

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—Formulation and implementation of an effective food program under which the developed countries would produce goods of lesser technological content. An efficient transfer of technology must enable the developing countries to overcome the considerable technological lag in their economies through the manufacture in their territories of products of a high technological content, particularly in relation to the development and transformation of their natural resources.

—Acceleration of the development processes of the developing countries particularly through the adequate and timely transfer of modern technology and the removal of the obstacles that slow the utilization and integration of such technology in the economies of the developing countries. Considering that in many cases obstacles to development derive from insufficient and inappropriate transfers of technology, the Sovereigns and Heads of State attach the greatest importance to the transfer of technology which, in their opinion, constitutes a major test of adherence of the developed countries to the principle of international cooperation in favor of development.

The transfer of technology should not be based on a division of labor in which the developing countries would produce goods of lesser technological content. An efficient transfer of technology must enable the developing countries to overcome the considerable technological lag in their economies through the manufacture in their territories of products of a high technological content, particularly in relation to the development and transformation of their natural resources.

With regard to the depletable natural resources, as OPEC's petroleum resources are, it is essential that the transfer of technology must be commensurate in speed and volume with the rate of their depletion which is being accelerated for the benefit and growth of the economies of the developed countries.

—A major portion of the planned or new petrochemical complexes, oil refineries and fertilizer plants to be built in the territories of OPEC Member Countries with the cooperation of industrialized nations for export purposes to the developed countries with guaranteed access for such products to the markets of these countries.

—Adequate protection against the depreciation of the value of the external reserves of OPEC Member Countries, as well as assurance of the security of their investments in the developed countries.

Moreover, They deem it necessary that the developed countries open their markets to hydrocarbons and other primary commodities as well as manufactured goods produced by the developing countries and consider that discriminatory practices against the developing countries and among them, the OPEC Member Countries, are contrary to the spirit of cooperation and partnership.

12. The Sovereigns and Heads of State note the present disorder in the international monetary system and the absence of rules and instruments essential to safeguard the terms of trade and the value of financial assets of developing countries.

They emphasize particularly the urgent need to take the necessary steps to ensure the protection of the developing countries' legitimate interests.

They recognize that the pooling of the financial resources of both the OPEC Member Countries and the developed countries, as well as the technological ability of the latter, for the furtherance of the economy of the developing countries would substantially help in solving the international economic crisis.

They stress that fundamental and urgent measures should be taken to reform the international monetary system in such directions as to provide adequate and stable instruments for the expansion of trade, the development of productive resources and balanced growth of the world economy.

They note that the initiatives so far taken to reform the international monetary system have failed, since those initiatives haven't been directed towards the removal of the inherent inequity in the structure of the system.

Decisions likely to affect the value of the reserve currencies, the Special Drawing Rights, and the price and role of gold in the international monetary system, should no longer be allowed to be

Approved For Release 2005/07/12 : CIA-RDP88-01315R000400120006-2 by developed countries alone.

The developed countries should subscribe to a genuine reform of the international monetary and financial institution, to ensure its equitable representation and to guarantee the interests of all developing countries.

The reform of the monetary and financial system should allow a substantial increase in the share of developing countries in decision-making, management and participation, in the spirit of partnership for international development and on the basis of equality.

With this in mind, the Sovereigns and Heads of State have decided to promote amongst their countries a mechanism for consultation and coordination for full cooperation in the framework of their solidarity and with a view to achieving the goal of a genuine reform of the international monetary and financial system.

13. The sovereigns and heads of state attach great importance to the strengthening of OPEC and, in particular, to the coordination of the activities of their National Oil Companies within the framework of the Organization and to the role which it should play in the international economy. They consider that certain tasks of prime importance remain to be accomplished which call for concerted planning among their countries and for the coordination of their policies in the fields of production of oil, its conservation, pricing and marketing, financial matters of common interest and concerted planning and economic cooperation among Member Countries in favor of international development and stability.

14. The Sovereigns and Heads of State are deeply concerned about the present international economic crisis, which constitutes a dangerous threat to stability and peace.

At the same time, they recognize that the crisis has brought about an awareness of the existence of problems whose solution will contribute to the security and well-being of humanity as a whole.

Equally aware of the hopes and aspirations of the peoples the world over for the solution of the major problems affecting their lives, the Sovereigns and Heads of State solemnly agree to commit their countries to measures aimed at opening a new era of cooperation in international relations.

It behooves the developed countries, which hold most of the instruments of progress, well-being and peace, just as they hold most of the instruments of destruction, to respond to the initiatives of the developing countries with initiatives of the same kind, by choosing to grasp the crisis situation as an historic opportunity in opening a new chapter in relations between peoples.

The anxiety generated by the uncertainty marking relations between those who hold power, coupled with the climate of uneasiness created by the confusion reigning in the world economy, would then give way to the confidence and peace resulting in an atmosphere of genuine international cooperation in which the developing countries would derive the greatest benefit and to which they would contribute their immense potentialities.

At a time when, thanks to man's genius, scientific and technological progress has endowed peoples with substantial means of surmounting natural adversity and of bringing about the most remarkable changes for the better, the future of mankind ultimately depends solely on men's capacity to mobilize its imagination and willpower in the service and interest of all.

The Sovereigns and Heads of State of the OPEC members proclaim their profound faith in the capability of all peoples to bring about a new economic order founded on justice and fraternity which will enable the world of tomorrow to enjoy progress equally shared by all in cooperation, stability and peace.

They accordingly make a fervent appeal to the governments of the other countries of the world and solemnly pledge the full support of their peoples in the pursuance of this aim.

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